

7220
27 July 1998

E-Mail ALPERSRU R/98

Subj: CORRECTION TO ALPERSRU P/98 - PROCEDURES FOR REPORTING
ENTITLEMENT TO IMMINENT DANGER PAY AND COMBAT TAX
EXCLUSION

Ref: (a) U. S. Coast Guard Pay Manual, COMDTINST M7220.29(series)
(b) Personnel and Pay Procedures Manual, HRSICINST MIOOO.2
(series)
(c) E-Mail ALPERSRU R/97, Procedures for Reporting
Entitlement to Imminent Danger Pay and Combat Tax
Exclusion
(d) ALDIST 029/98
(e) Reenlistment Bonus Programs Administration, COMDTINST 7220.33 of
29 DEC 88

Purpose This E-mail ALPERSRU corrects the Democratic Republic of the
Congo by removing the airspace above covered area.
This E-mail ALPERSRU clarifies entitlements to:

- Imminent danger pay (section 1)
- Combat tax exclusion (section 2)

The procedures for reporting these entitlements in PMIS/JUMPS
are also provided.

Background This ALPERSRU is an update of reference (c). Tables
listing areas qualified for Imminent Danger Pay (IDP)
and Combat Tax Exclusion have been updated to reflect
changes published in sections 4-H and 8-G of reference (d).

Directives Reference (c) is canceled.
Affected

SECTION 1 -- Imminent Danger Pay

Introduction Imminent Danger Pay is an entitlement to members who meet the
special conditions described in reference (a). This special pay is in
addition to any other pay and allowances a member may be
entitled.

Qualified
Areas for
Imminent
Danger Pay

Areas designated as qualifying for imminent danger pay are listed below.

Note: This table includes information which will be reflected in a future change to reference (a).

COUNTRY / AREA	COVERED AREAS	
	LAND	AIRSPACE ABOVE
Afghanistan	X	X
Albania	X	X
Algeria	X	
Angola	X	Note 1
Azerbaijan	X	
Bahrain	X	X
Bosnia-Herzegovina	X	X
Burundi	X	
Cambodia	X	
Columbia	X	
Croatia	X	X
Democratic Republic of the Congo (Zaire)	X	
Egypt	X	
El Salvador	Note 2	
Georgia and Abkhazia	Note 3	
Greece; Athens only	Note 4	
Haiti	X	
Iran	X	
Iraq	X	X
Jordan	X	
Kuwait	X	X
Lebanon	X	
Liberia	Note 5	
Macedonia	X	X
Montenegro	X	X
Pakistan	Note 6	
Persian(Arabian)Gulf		X
Peru	X	
Qatar	X	X
Rwanda	X	
Saudi Arabia	X	X
Serbia	X	X
Sierra Leone	X	
Somalia	X	X
Sudan	X	X
Tajikistan	X	
Turkey	Note 7	
Zaire (Democratic Republic of the Congo)	X	

- Note 1: THE FOLLOWING AREAS WERE TERMINATED EFFECTIVE 1 MAR 1998 BY REF (d):
- CHAD
 - MOZAMBIQUE
 - YEMEN
- ANGOLA (both air and land space were terminated on 28 FEB 98, but the land area was immediately redesignated with an effective date of 1 MAR 1998)
- Note 2: EL SAVADOR - EFFECTIVE 15 JUL 97, LAND AREA, EXCEPT COMPALAPA INTERNATIONAL AIRPORT AND ILOPANGO AIR BASE.
- Note 3: GEORGIA AND ABKHAZIA - THE LAND AREA LYING NORTH OF 42 DEGREES NORTH LATITUDE AND WEST OF 43 DEGREES EAST LONGITUDE EFFECTIVE 28 JAN 1997.
- Note 4: GREECE - THE LAND AREA WITHIN A 14-KM RADIUS FROM THE CENTER OF ATHENS (37-58N, 23-43E) EFFECTIVE 29 JAN 1997.
- Note 5: LIBERIA - EFFECTIVE 6 JUN 1990, LAND AREA ONLY. REF A ERRONEOUSLY LISTS AIRSPACE THEREOVER.
- Note 6: PAKISTAN - EFFECTIVE 26 NOV 96, ALL OF PAKISTAN'S LAND AREA WAS DESIGNATED VICE THE PARTIAL LAND AREA CONTAINED IN REF A.
- Note 7: TURKEY - EFFECTIVE 1 MAR 98, LAND AREA EXCLUDING THE TURKISH STRAITS (i.e., the Dardanelles, the Sea of Marmara, and the Bosphorus Straits) AND INCLUDING THE LIMITED AIRSPACE SOUTH OF 37 DEGREES 45 MINUTES NORTH, AND EAST TO THE TURKEY IDP AREA DESIGNATION.

Rules for
Imminent
Danger Pay

The following rules apply when determining entitlement to Imminent Danger Pay:

- A member who serves on official duty in one of the designated areas for any part of a month is entitled to imminent danger pay for the entire month.

Exception: Entitlement is on a Day-for-Day basis if the member enters a non-pay status or is separated during the month. Drilling reservists receive imminent danger pay on a daily basis.

- In those areas where airspace is designated, personnel who fly through the area are eligible for payment if the members are assigned to official temporary duty to the airspace of the combat zone.

Amount of
Imminent
Danger Pay

The current monthly rate of imminent danger pay is \$150.00.

Procedure
For Payment
Of Imminent
Danger Pay

This is the procedure utilized when a member qualifies for or loses entitlement to imminent danger pay

Step	Action	
1	The unit commanding officer sends a letter or message to the PERSRU authorizing Hostile Fire (Imminent Danger) Pay. In addition to the name, rank, SSN and area of hostile activity, include one of these entitlements in the letter:	
	Entitlement	Description
	Continuing	If starting, include: <ul style="list-style-type: none">• Date the event occurred (e.g., reporting date)• Statement indicating the member is entitled on an on going basis. If stopping, include: <ul style="list-style-type: none">• Date the event occurred (e.g., departing date)• Statement indicating the exact nature for termination
	One time	Include: <ul style="list-style-type: none">• Date the event occurred (e.g., date member was in a hostile encounter)• Statement indicating the member is entitled on a one time basis.
2	The PERSRU submits an SDA II Start Pay transaction for imminent danger pay. There are two options available: Option 1: Imminent Danger pay for a single month only Option 2: Continuous Imminent Danger Pay until submission of a subsequent stop transaction.	

SECTION 2 – Combat Tax Exclusion

Introduction Certain income earned by members of the Armed Forces while in a combat zone designated by the President is not subject to withholding of federal or state income tax.

Qualified Areas For Combat Tax Exclusion Section 8-G-2 of reference (a) designates combat zones which qualify for federal income tax exclusion. The current designated areas are:

COUNTRY / AREA	COVERED AREAS INCLUDE:			
	LAND	INLAND WATERS	COASTAL WATERS	AIRSPACE ABOVE
Arabian Sea			See Ref A	X
Bahrain	X		X	X
Bosnia-Herzegovina	X			X
Croatia	X			X
Gulf of Aden			All Gulf	X
Gulf of Oman			All Gulf	X
Iraq	X		X	X
Kuwait	X		X	X
Oman	X		X	X
Macedonia	X			X
Persian Gulf			All Gulf	X
Qatar	X		X	X
Red Sea			All Sea	X
Saudi Arabia	X		X	X
United Arab Emirates	X		X	X

Rules for Combat Tax Exclusion

The following rules apply when determining income tax exclusion for duty in a combat zone.

- A member who is present on official duty in a combat zone, no matter how brief, qualifies for combat tax exclusion for that month.

Exception: Members on TAD or leave away from a zone during an entire calendar month, are not entitled to tax exclusion for that month.

- When the airspace over a combat zone is included as part of the zone, members who pass over or through the combat zone during the course of a trip between two points, both of which lie outside the zone, are entitled to an exclusion only if the members are assigned to official temporary duty to the airspace of the combat zone or qualify for hostile fire/imminent danger pay as a result of the flight.
- Members performing military duties in areas outside a designated combat zone in support of military operations in a combat zone, who qualify for imminent danger pay, also qualify for combat tax exclusion.

Amount of Combat Tax Exclusion

For enlisted members and warrant officers, all taxable military pay items earned by a member during a month while serving in a combat zone are excluded from federal and state taxation.

For officers O-1 and above, the first \$4,346.40 per month of taxable military pay items are excluded from federal taxation.

Note 1: The \$4,346.40 figure increases annually to match the current base pay rate for an E-10.

Note 2: Imminent danger pay (if entitled) is not included in the \$4,346.40 ceiling.

Members entitled to combat tax exclusion will not have any Federal/State income tax withheld from the exempted amount of their pay. Voluntary withholding of this amount is not permitted.

PERSRU Procedures

The PERSRU shall submit a Start Pay transaction for combat tax exclusion. There are two options available:

- Combat Tax Exclusion for a single month only.
- Continuous Combat Tax Exclusion until submission of a subsequent stop transaction.

Extension of filing date for tax returns

Members serving in a combat zone are allowed an extension of up to 180 days to file their federal income tax return, as described in Section 8-G-7 of reference (a).

The due date for filing state tax returns is regulated by each state. Members serving in a combat zone should contact their state tax office regarding the postponement of filing state tax returns.

Wages
Associated
With Leave
Earned While
In A Combat
Zone

Leave earned by a member in a combat tax exclusion zone is not taxed when that leave is used.

Example: If a member serves in a combat tax exclusion zone from 10 March to 20 April 1998, the member earns two months of tax exclusion benefits and 5 days of tax-free leave (provided the member was on active duty the entire month). When the member uses those 5 days leave, the compensation paid the member while on leave is excludable from taxable gross income.

The following rules apply to tax-free leave:

- For officers 0-1 and above, the TOTAL of combat-free wages plus combat-free leave earned during a given month may not exceed \$4,346.40 (without IDP) or \$4,496.40 (with IDP).
- Leave earned in a combat tax exclusion zone is the FIRST leave used after leaving the combat tax exclusion zone.
- Leave earned in a combat tax exclusion zone that is used during a month a member is in a combat tax exclusion status is counted as part of the tax-free wages for that month.

Example: If an individual is in a combat zone from 10 March to 20 April 1998, and takes five days leave during May 1998, the compensation paid the member while on leave is tax-free. However, if this member takes five days leave during April 1998, the member receives no additional tax advantage for the five days of leave.

- Members who have combat leave who do not use such leave prior to separation are entitled to receive the tax benefit when selling leave, as detailed in chapter 10 of reference (a).

SRB BENEFIT

Combat tax exclusion applies to the initial payment and future installment payment of a SRB associated with a reenlistment or extension executed while a member is serving in a combat zone or during any part of a month when a member served in a combat zone. If possible, it is usually best financially for a SRB eligible member to reenlist or begin serving under an extension during a month when eligible for combat tax exclusion. For example:

MK3 Jones enlisted in the CG on 8 August 1992. Due to an extension, his current expiration of enlistment is 14 October 1998. Currently, the MK rating has a Zone A SRB multiple of 1. Since MK3 Jones was aboard his unit while it was underway in the Persian Gulf from 5 April 1998 to 4 June 1998, MK3 Jones is eligible for both Imminent Danger Pay and Combat Tax Exclusion for the months of April, May, and June 1998. Per reference (e), MK3 Jones' Commanding Officer is authorized to effect early discharge and reenlist MK3 Jones 3 months prior to his 6th anniversary date (8 August 1998) for the purpose of qualifying for a Zone A SRB. If a date selected to effect the early discharge and reenlistment is in June 1998, MK3 Jones' SRB payments will be reduced by the portion of unserved service obligation (up through 14 October 1998), but it is not subject to Federal (28%) and state income tax withholding. Please review reference (e) carefully to ensure all criteria is being met.

Questions

Questions may be directed to the HRSIC Customer Service Team at 785-357-3540.

Released by /s/

PAUL GAUTHIER
Executive Officer